

<b>State of Alaska</b> <b>Department of Labor and Workforce Development</b>	
<b>Division:</b> Business Partnerships	<b>Policy:</b> 625.00
<b>Subject:</b> Grant Monitoring	<b>Pages:</b> 9
<b>References:</b> 20 CFR 667.410, 500; 8 AAC 87.170	<b>Effective:</b> 7/01/05
	<b>Revised:</b>
<b>Approved:</b> <u>Corine Geldhof</u> Corine Geldhof, Acting Director, DBP	<u>July 25, 2005</u> Date

**1) Parties Affected**

Division of Business Partnerships (DBP) staff and recipients of grant funds from DBP.

**2) Purpose**

This policy provides instructions for conducting monitoring of the Division's grantees. Monitoring is conducted to ensure the Division's grantees administer the grants in compliance with the programmatic and financial requirements for the receipt of the grant funds.

**3) Definitions**

- a) *Administrative or Program Concerns* are conditions or activities that are assessed to not be a substantial or material violation of the statutory, regulatory, or policy requirements, or grants terms and conditions, but if continued could result in non-compliance.
- b) *Corrective Action Plan* is a formal written agreement between the DBP and a grantee regarding the measures or activities the grantee will complete in order to resolve findings of non-compliance or questioned costs identified through grant monitoring.
- c) *Disallowed Costs* are questioned costs, which through a formal resolution process are determined to not be allowed under the requirements of the grant or program.
- d) *Final Determination* is the final decision of the DBP regarding the resolution of Findings of Non-Compliance or Questioned Costs identified during grant monitoring.

- e) *Findings of Non-Compliance* are conditions or activities that are a substantial or material violation of the statutory, regulatory, or policy requirements, or grant terms and conditions.
- f) *Grant* is all of the documents included in the contractual agreement between DBP and a financial assistance recipient under one of the Division's job training programs and includes Reimbursable Services Agreements (RSA) with other state agencies where funds are provided for services to the public.
- g) *Grantee* is the recipient specified in a grant or RSA.
- h) *Initial Determination* is the preliminary decision of the DBP regarding the resolution of Findings of Non-Compliance or Questioned Costs.
- i) *Monitoring* is a systematic review of grant-related activities conducted by DBP staff on a routine or periodic basis.
- j) *Questioned Costs* are expenditures charged to a grant that have been assessed as a violation of the requirements of the grant agreement or funding program.
- k) *Required Actions* are specific measures, which a grantee is required to complete to resolve findings of non-compliance or questioned costs identified through the monitoring process.
- l) *Recommendations* are suggested measures that the grantee may want to undertake in response to administrative or program concerns identified through the monitoring process.

#### **4) Policy**

This policy ensures that monitoring:

- a) Assesses both the financial and programmatic administration of a grant; and,
- b) Is conducted on all grants under the Division's Workforce Investment Act (WIA) programs, the State Training and Employment Program (STEP), the Denali Training Fund (DTF) program, and any special state or federal grants or programs the Division administers.

#### **5) Requirements**

The Division is responsible, in part, for monitoring compliance with appropriate federal uniform administrative requirements for grants as promulgated in the Office of Management and Budget Circulars and/or federal regulations. The monitoring should, in part, ensure that grantee financial management systems:

- a) Provide fiscal control and accounting procedures to permit timely preparation of required reports;
- b) Permit the tracing of funds to establish that funds have not been used in violation of restrictions on the use of such funds;
- c) Demonstrate compliance with matching requirements, cost limitations and proper classification of costs;

- d) Provide the proper allocation of costs by adopting consistently applied methods that reflect a reasonable relationship for cost benefit; and,
- e) Demonstrate compliance with insurance, procurement, and property management requirements.

## **6) Responsibilities**

### **a) Desk monitoring**

- i) All DBP grantees shall submit Progress Reports on a periodic basis, as specified in the grant agreement, as a requirement for receipt of grant funds.
  - (1) The DBP program lead responsible for a grant shall complete desk monitoring throughout the life of the grant project.
  - (2) This desk monitoring will comply with the procedures set forth in section 7(a) of this policy.
  - (3) Based upon this desk monitoring, the DBP program lead will ensure that, where grant progress is deficient, the grantee is required to take appropriate actions to correct the deficiencies. The program lead will provide technical assistance to the grantee, as appropriate. If necessary, the amount of the grant may be reduced for failure to perform.
  - (4) Should there be a need for a grant amendment, the program lead will notify the grantee and the grants administrator and assist in the preparation of the amendment.
- ii) All DBP grantees shall submit monthly invoices that detail their financial activity for the month, which are to be submitted in a time frame specified in the grant agreement.
  - (1) The invoices must include the following:
    - (a) Amount budgeted by program element, cost category, and budget line items of Personal Services, Travel, Contractual, Supplies, Equipment, Administration, and, if appropriate, sub-grants;
    - (b) Amount expended for the month by program element, cost category, and budget line item;
    - (c) Total expenditures to date by program element, cost category and budget line item; and,
    - (d) Balance of funds by program element, cost category and budget line item.
  - (2) The DBP grants administrator will conduct desk monitoring of each grant project under their purview in accordance with the procedures set forth in section 7(b), of this policy.
  - (3) Based upon this desk monitoring, the DBP grants administrator will ensure that the grantee takes appropriate actions to correct all financial activity deficiencies. The grants administrator will provide technical assistance to the grantee, as appropriate.

- (4) Should a grant amendment be required, the grants administrator will notify the grantee and the program lead, and assist in the preparation of the amendment.

b) **On-Site Monitoring**

- i) DBP program leads and grants administrators will determine which grant recipients require an on-site monitoring visit by the completion of an On-Site Monitoring Determination Checklist. They should complete the form no later than the mid-point of the planned period of performance of the grant. The grant file will contain a copy of the determination for each grant issued by the Division.
- ii) The DBP program leads and grants administrators will annually prepare an on-site monitoring schedule for their programs. At a minimum, the schedule will identify the name of the grantee, the dollar amount of the grant, the grant program, the tentative or scheduled date of the on-site review, and the names or initials of the DBP staff participating in the review. There will be one annual centralized schedule for all of the Division's grant programs and special grants.
- iii) Program leads are responsible for conducting the on-site monitoring of their grants in accordance with the determinations made in the previous section, and are responsible for determining the procedures to be used for conducting the reviews. The monitoring procedures will be reviewed and approved by the Division Director.
- iv) Grants administrators are responsible for conducting the on-site monitoring of their grants in accordance with the determinations made in section (i) of this part and are responsible for completing the Administrative and Financial Management Monitoring Guide when conducting the reviews. The monitoring guide will be reviewed and approved by the Division Director and the Administrative Manager IV.
- v) To the extent possible and practical, DBP program leads and grants administrators will coordinate the program and financial on-site reviews to minimize the disruption and time requirements placed upon the grantee organization and staff. When a grantee receives grants under more than one of the Division's grant programs, DBP staff will, to the extent possible, coordinate with each other to complete a single site visit of the grantee rather than multiple site visits during the year.

**7) Procedures**

a) **Program Desk Monitoring**

- i) The program lead for a grant will monthly complete the following minimum activities:
  - (1) Compare activities stated in the Progress Report with the scope of services of the grant to verify that the activities occurring are those intended;

- (2) Assess whether or not the grant activities, including progress with the grant participants, are on schedule or within the timeframes either specified in the grant agreement or planned when the grant was negotiated; and,
    - (3) Review statistical data from the Division's Management Information System (MIS) to ensure the number of participants enrolled is in accordance with the grant agreement and whether the grantee is meeting the required performance levels. This review will also verify the appropriateness of the participant and services for that program. This review should also assess, to the extent possible, the timeliness and completeness of the data entered in the MIS.
    - (4) To ensure timely review, every effort should be made to complete the review within two weeks of submission.
  - ii) Should the desk monitoring reveal any problems or deficiencies in the grantee's performance, the program lead will:
    - (1) Identify the causes or reasons for the problems or deficiencies;
    - (2) Provide technical assistance and advice to the grantee to identify possible actions to remedy or correct the problems or deficiencies;
    - (3) Monitor the grantee's implementation of the corrective actions through close contact with the grantee by either telephonic or written communications; and,
    - (4) Document the problems, causes, corrective actions and outcomes in the grant file.
- b) Financial Desk Monitoring
- i) The grants administrator will monthly monitor the financial activity of the grant, at a minimum, by:
    - (1) Determining the timeliness of the report submission;
    - (2) Reviewing and approving any copies of source documentation if submitted to support the monthly expenditures, including verifying the amounts included on the invoice;
    - (3) Comparing the budgeted amounts on the monthly invoice with the grant budget;
    - (4) Assessing whether any of the grant budget line items have been over-expended or indicates an over-expenditure is likely to occur prior to the completion of the grant;
    - (5) Assessing whether the grant expenditures are timely and in accordance with the scheduled timeframes of grant activities; and,
    - (6) Reviewing any cash advances to ensure advances are not in excess of the grant agreement for both amount and timing.
  - ii) Should the desk monitoring reveal any problems or deficiencies in the grantee's performance, the grants administrator will:

- (1) Notify the program lead of the problem and identify the causes or reasons for the problems or deficiencies;
- (2) Provide technical assistance and advice to the grantee to identify possible actions to remedy or correct the problems or deficiencies;
- (3) Monitor the grantee's implementation of the corrective actions through close contact with the grantee through telephonic or written communications; and,
- (4) Document the problems, causes, corrective actions and outcomes in the grant file.

c) On-Site Monitoring

- i) The program lead and the grants administrator will complete, at a minimum, the following prior to the site visit:
  - (1) Coordinate with each other and the grantee to determine the best time for the monitoring visit. Plan and conduct a single monitor visit, whenever possible.
  - (2) At least two weeks prior to the site visit, the program lead or the grants administrator will send a letter or e-mail to the grantee to formally document notification of the site visit. At a minimum, this will provide:
    - (a) The name or names of the person or persons conducting the review;
    - (b) The dates of the review;
    - (c) What the review will cover;
    - (d) Who from the grantee's organization should be available;
    - (e) The materials or documents or information expected to be reviewed; and,
    - (f) What documents should be compiled or available for review prior to arrival.
  - (3) Division staff will prepare for the site visit by:
    - (a) Reviewing grant file and other appropriate documentation to identify any problems with the grant;
    - (b) Reviewing previous reports of on-site monitoring and the resolution of concerns, findings, or questioned costs;
    - (c) Provide a reminder to the grantee via telephone or e-mail three working days prior to the visit.
- ii) During the on-site monitoring, the program lead and the grants administrator will complete the following:
  - (1) Conduct an Entrance Conference with appropriate representatives of the grantee organization to include:
    - (a) Introductions;
    - (b) An explanation of the purpose of the review;

- (c) A description of the scope of the review; and,
  - (d) Any other appropriate information;
- (2) Complete the appropriate monitoring procedures and guides;
- (3) Gather appropriate documentation or other information to support any problems or deficiencies identified;
- (4) Classify any problems or deficiencies as Program or Administrative Concerns, Findings of Non-compliance or Questioned Costs;
- (5) Coordinate and agree upon the matters to be discussed during the Exit Conference;
- (6) Conduct an Exit Conference at the completion of the on-site monitoring to include appropriate staff from the grantee's organization to cover:
  - (a) Areas in which the grantee's performance and activities are acceptable;
  - (b) Problem or deficient areas;
  - (c) Any concerns, findings or questioned costs identified as preliminary results; and,
  - (d) The approximate time line for the draft monitoring report to be completed.
- iii) Following the on-site monitoring, the program lead and the grants administrator will organize, and as appropriate summarize, any documentation, notes and other materials obtained or prepared during the visit.
- iv) The monitoring documentation will be maintained in the Division's grant file.
- d) Monitoring Report
  - i) Following the on-site monitoring, the program lead and the grants administrator will coordinate the preparation of a draft monitoring report. To the extent possible, a completed draft report should be available within two weeks of the date of the site visit.
  - ii) The required standard report format includes the following sections:
    - (1) Purpose of the Review;
    - (2) Scope of the Review;
    - (3) Procedures Completed;
    - (4) Results of the Review; including,
      - (a) Barriers encountered by the grantee;
      - (b) Promising practices by the grantee;
    - (5) Concerns/Findings/Questioned Costs and Required Actions (as appropriate).

- iii) If the on-site monitoring identified Findings of Non-compliance or Questioned Costs, the report shall specify each statutory, regulatory or other requirement, for which there is an incidence of non-compliance.
  - iv) If the monitoring report identifies findings or questioned costs, the report should identify specific Required Actions, which the grantee should undertake to resolve the findings or questioned costs and the timeframe for those actions.
  - v) The draft report shall be provided to the Grants Administrator III for:
    - (1) Review and approval; and,
    - (2) Distribution in electronic form to the DBP Director, the DBP Administrative Manager IV and the Internal Auditor IV for review and comment within three days.
  - vi) After four days, the monitoring report will be finalized with the current date and issued to the grantee if no comments are received.
  - vii) The Division of Business Partnerships maintains all documentation or other materials obtained or prepared during the on-site monitoring. The grantee monitoring file contains the completed monitoring procedures or guides, the monitoring report, and all appropriate correspondence pertaining to the monitoring.
- e) Resolution of Administrative or Program Concerns
  - i) If the on-site monitoring identifies only Administrative or Program Concerns, a cover letter for transmitting the report to the grantee will include:
    - (1) Reference to the administrative or program concerns;
    - (2) A request for the grantee to provide, within 30 days of the date of the letter, written comments concerning the report and any actions the grantee plans to take in response to the concerns.
  - ii) If a formal response from the grantee is received regarding the monitoring report, the program lead and the grants administrator will review and assess the grantee's response, and maintain the response and their assessment in the monitoring file for that grantee.
  - iii) If a formal response is not received from the grantee within the requested 30 day time period, the program lead and the grants administrator will make an appropriate notation for the file and will formally close the monitoring report. Note: program or administrative concerns are not a violation of the requirements of the funding program or grant agreement. As such, the program or administrative concerns are advisory and a formal response by the grantee is not required for closure of the monitoring report.
- f) Resolution of Findings of Non-compliance and Questioned Costs
  - i) If the on-site monitoring identifies Findings of Non-compliance and/or Questioned Costs, the program lead and the grants administrator will follow procedures comparable to the Department's policy for resolving audit findings. These procedures will include:



- (1) Providing written notice to the grantee of the Findings of Non-compliance and/or Questioned Costs;
- (2) Request the grantee provide a Corrective Action Plan or other documentation to resolve the Findings or Questioned Costs;
- (3) Issue an Initial Determination on the Findings and Questioned Costs;
- (4) Offer the grantee the opportunity to informally resolve the matters;
- (5) Issue a Final Determination on the Findings and Questioned Costs;
- (6) Notify the grantee of possible sanctions and, if applicable, acceptable methods of debt repayment; and,
- (7) Notify the grantee of its right to appeal the Final Determination.